

# *Singapore – A chance for the west?*

November 2010



Skyline of  
Singapore

## **Singapore – The Lion City**

Singapore is a hi-tech, wealthy city-state in Southeast Asia (SEA), also known for the conservatism of its leaders and its strict social controls.

The country comprises the main island - linked by a causeway and a bridge to the southern tip of Malaysia - and around 50 smaller islands.

Once a colonial outpost of Britain, Singapore has become one of the world's most prosperous places - with glittering skyscrapers and a thriving port.

Singapore is frequently called Asia for beginners - because tourists get along easily with the English language, food in restaurants is adapted to European palate and numerous of luxurious stores are offering comprehensive consumer products.

The majority of travellers know Singapore as a stopover in Southeast Asia, which seems like one big and very clean shopping mall with extremely rigid behavioral code. But Singapore represents a lot more: it's the museum capital of Southeast Asia, a lot more colorful and livelier than the skyline promises and greener than the most metropolis - and of course a booming and attractive market.

But cautiousness is advised, although. To keep the city clean Singapore is working with draconian methods: Smoking in public buildings, throwaway cigarette butts and chewing gums on the street as well as eating and drinking in public transit are disciplined with high fines. Therefore Americans call Singapore although "a fine city".

Furthermore Singapore not only allures tourists with his luxurious shops, it's white beach and green palms but also the industry. Singapore is an insular state with a smaller expanse

then Hamburg and because of this fact it's depended on to take advantage of his economic potentials of his port, his airport and the regional representation of a lot of companies.

## **Singapore's economy**

Singapore has a highly developed and successful market culture as well as a remarkable open and corrupt free market economy, stabile prices and a per capita national output which is higher than in al lot of other highly developed countries.

Singapore is highly orientated on foreign economics - the total volume of its foreign trade's makes 3,5 times of its gross national product (GNP) - therefore its economy is strongly coupled to the economy development of Singapore's trading partners. Singapore's diversified foreign economy is able to minimalize this risk.

Singapore's commercial policy is strongly orientated on globalization and benefits from bilateral free trade agreements, devolution as well as globalization of local companies and furthermore from tax incentives for foreign professionals and business. Beyond that is Singapore's economy very contingent on exports, especially from electronics, IT products, medicines and related to its growth on financial services. Therefore is Singapore active in the world trade organization (WTO), ASEAN, APEC and ASEM and applies for more liberalization and market opening.

Existing agreements remain with Australia, China, EFTA, Jordan, India, Japan, New Zealand, Panama, Peru, South Korea, the trans-pacific SEP Countries and the United States. Signed arrangements exist with Costa Rica and the Gulf States while Singapore is negotiating with Canada, Mexico, Pakistan and Ukraine and since March 2010 with the EU.

Large-scale investors invested profitably in the pharm industry as well as in medical engineering products. The government is aiming to enlarge the investments and to turn Singapore into a financial and high-tech center of the Southeast area.

The industrial section is dominated mostly from multinational companies and several so-called government-linked companies (GLC's), which are strongly associated with the government. These GLC's are represented especially in energy supply, telecommunication, media and transport and in a few branches of production like IT, shipbuilding and armor. The market potential for these big global player companies is far as possible exhausted and so the government is concentrating his focus on innovative small and middle sized companies since several years.

## **Niche markets**

Singapore's wealth isn't caused by its natural resources but on its geographic position in combination with its high education standard as well as its successful and global orientated governmental economic policy.

To avert business competitors from the Chinese and Southeast Asian market, Singapore specialized its industry on niche markets, technological innovations and development for electronics, bioengineering and nanotechnology.

Furthermore the government is actively engaged to support sectors like biotechnology (research and manufacturing base), environment technologies (especially solar and water, recently for electric and hybrid drive), nanotechnology, city planning as well as digital and interactive media. Beyond that the touristic sector is getting developed (several casinos and convention centers are opening in 2010). To advance the health sector a health center is getting established.

The most relevant sector in Singapore is services, followed by the producing industry. At this the government is taking care that the Industry is generating at least 20-25% of the GNP.

Outstanding for Singapore is furthermore the fact that it's leader in particular branches of trade. Singapore holds worldwide the second largest capacity of oil refinery and with 40% market share it is the biggest producer of hard disks.

The chemical industry as well as the drug industry is important industrial branches either- the biotechnology sector shall be enlarged and developed in the future.

### **Economy structure**

Singapore endured the world crisis 2008/2009 surprisingly good - it's GNP fell 2009 about 2%. The most important trading partners are EU-27 countries, Malaysia, China (including Hong Kong) and the USA. Since several years Singapore endeavors more intensive business relations with the Gulf States.

Service sector: It's the most important sector for Singapore. The importance of the function of its port and airport as a place of transshipment is expressed here. A growing contribution to the GDP is achieving the financial sector with 13,5% - despite the world crisis. About 600 companies are located in Singapore, including consulting companies and law firms.

Industry: The industry is playing a smaller role with a share of 18,2 then in the last years but for a country of Singapore's size without own primary products it's still quite remarkable. Thereby Singapore is having a very small and selective average industry margin. In particular sectors like the petrochemical industry, construction oil rig and certain electronics Singapore is one of the world leaders.

Agriculture: The agriculture isn't playing a role in Singapore- except a few research farms. The Country is bringing in almost all groceries.

State: The government is just holding a small part of 15% of the economy but has therefor a central role concerning the business development corporations and grant-worthy economy sectors- especially Economic Development Board, IE Singapore and SPRING for small and middle sized companies.

Remarkable is furthermore the economic output of multinational companies in Singapore:  
GDP 1997/34% 2007/44,5%

## Relationship between Singapore and Germany

Between Singapore and Germany lasts a good relationship as well as narrow commercial and political cooperation's. Singapore's international relevance and local importance makes the city a significant partner for Germany and furthermore an interesting mediator between the Asian and European Countries.

Germany and Singapore decided in 2005 to intensify their collaboration in politics, commercial, education, research and culture. A market entrance is especially interesting for small and middle sized German companies: Singapore's government supports them because the German economy and technology are appreciated in Asian countries.

## Singapore in numbers

Country Name	Republic of Singapore	
Capital	Singapore	
Area	710 sq. km	
Population	4,98 million- 1,2 million thereof are foreigners	
Life expectation	male 79,45 years	
	female 84,87 years	(est. 2010)
Age structure	0-14 years 14,1%	
	15-64 years 76,9%	
	65 and older 9,0%	(est. 2010)
Population growth rate	0,86%	(est. 2010)
Ethnic groups	Chinese 76,8%, Malay 13,9%, Indian 7,9%, others 1,4%	
Languages	English language of government Chinese, Mandarin, Malay and Tamil are national languages	
Religions	Buddhist and Taoist 51%, Christianity 14%, Hindu 4%, Muslim 15%, others 1%, Atheism 15%	
Independence	9 August 1965 (from Malaysian Federation)	
National day	9 August	
Time Zone	CET+7 (UTC+8) No summer and winter clock change	
Currency	1 Singapore Dollar SGD / 100 cents 1 SGD=0,56044 EUR 1 EUR=1,78328 SGD (state august 2010)	
Area code	+65	

## Our upshot

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Singapore has shown remarkably that it can fight off an international crisis, even one massive like in 2008/2009. Due to reserve assets, flexible goods and flexible services and furthermore an adaptive labor market policy Singapore has recovered within a short period of time.

Now the Government continues its strategy and aims to make Singapore more competitive and resistant to crises. Therefore Singapore wants to benefit new growth sectors by promoting a high educational level and expanding innovative and technological key sectors, too. Indeed a specialization of the economy is necessary, because Singapore is getting more and more expensive as a production location and can't keep up with cheaper neighboring countries.

The government will support the endeavor turning Lion City into a lifestyle-hub as well.

That requires gaining control over the low birth rate. For the Singaporean population a career and financial stability is more important than offspring. During the last years the birth rate fell down to 1,29 children per woman. To keep the population age young and attractive Singapore has to concept an adequate family policy just as an active immigration policy to attract the education elite.

Based on the importance of foreign trade, local legal certainty and corrupt free environment Singapore will maintain as a central commercial location in the Southeast.

Regarding to the governmental support in research and technology Singapore will stay an important partner for the German economy. Furthermore the complete ASEAN-market can be reached as well as parts of the Indian economy.

*Thank you for your interest!*

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